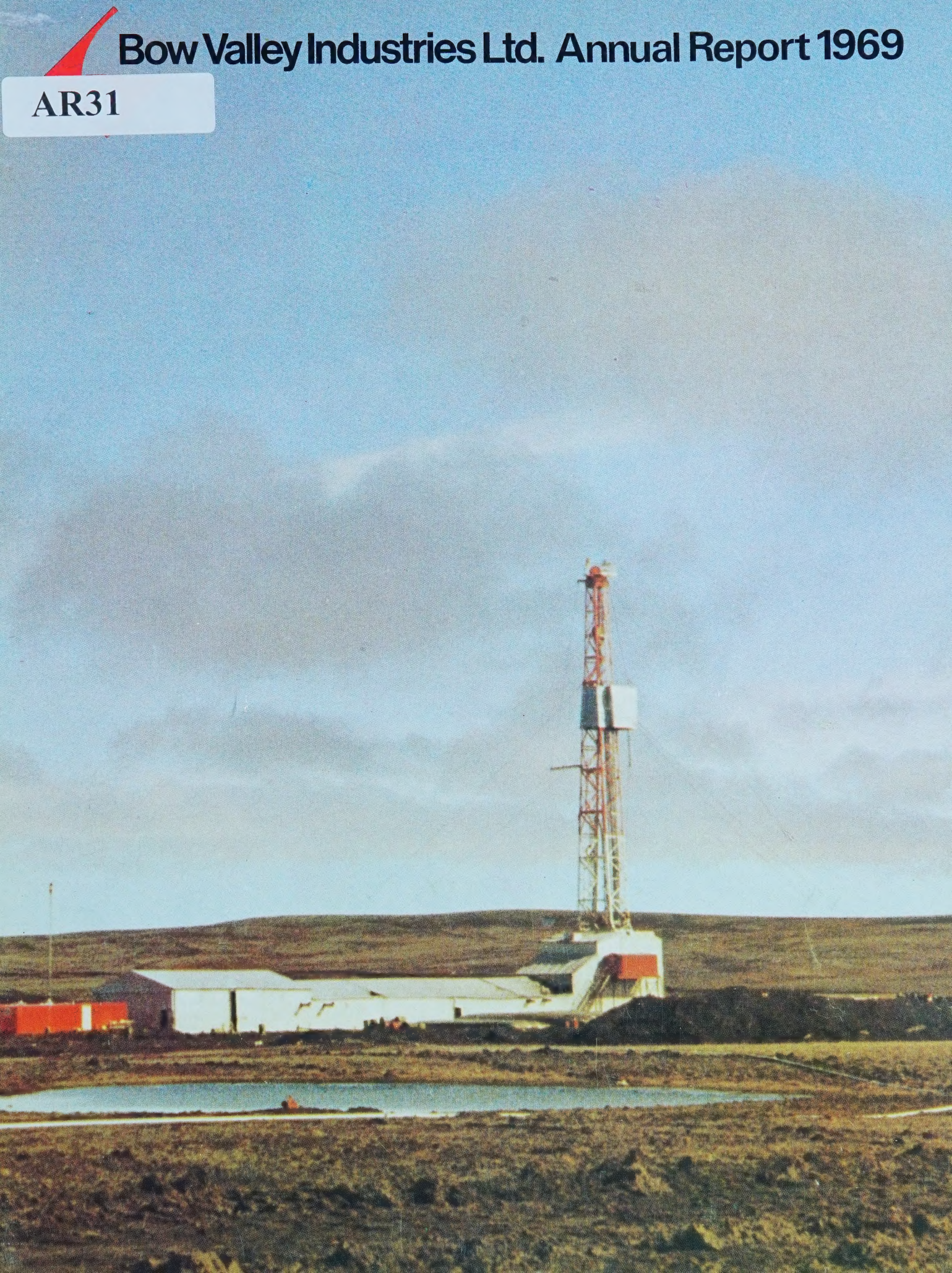


Bow Valley Industries Ltd. Annual Report 1969

AR31



Bow Valley Industries Ltd. and Subsidiary Companies

Officers

DARYL K. SEAMAN, President
BYRON J. SEAMAN, Senior Vice-President
H. DONALD BINNEY, Vice-President
DONALD R. SEAMAN, Vice-President
HENRY C. VAN RENSSELAER, Vice-President, Finance
H. KEITH LAZELLE, C.A., Secretary-Treasurer

Directors

FREDERIC J. AHERN, Vice-President, The United Corporation, New York, U.S.A.
H. DONALD BINNEY, Vice-President, Bow Valley Industries Ltd., Calgary, Alberta
RAYMOND W. HAMMELL, Vice-President, The Bank of New York, New York, U.S.A.
WILLIAM A. HOWARD, Q.C., Barrister and Solicitor, Calgary, Alberta
WILLIAM S. HULTON, C.A., The Mercantile Bank of Canada, Vancouver, B.C.
DARYL K. SEAMAN, President, Bow Valley Industries Ltd., Calgary, Alberta
BYRON J. SEAMAN, Senior Vice-President, Bow Valley Industries Ltd., Calgary, Alberta
DONALD R. SEAMAN, Vice-President, Bow Valley Industries Ltd., Calgary, Alberta
D'ALTON L. SINCLAIR, President, The Charterhouse Group Canada Limited, Toronto, Ontario
HENRY C. VAN RENSSELAER, Vice-President, Finance, Bow Valley Industries Ltd., Calgary, Alberta

Head Office

630 - 6th Avenue South West, Calgary, Alberta

Transfer Agents

Common Stock

GUARANTY TRUST COMPANY OF CANADA, Calgary and Toronto
THE BANK OF NEW YORK, New York, U.S.A.

Preferred Stock, Series A

THE ROYAL TRUST COMPANY, Calgary, Winnipeg, Toronto and Montreal

Registrars

Common Stock

GUARANTY TRUST COMPANY OF CANADA, Calgary and Toronto
SCHRODER TRUST COMPANY, New York, U.S.A.

Preferred Stock, Series A

GUARANTY TRUST COMPANY OF CANADA, Calgary, Winnipeg, Toronto and Montreal

Auditors

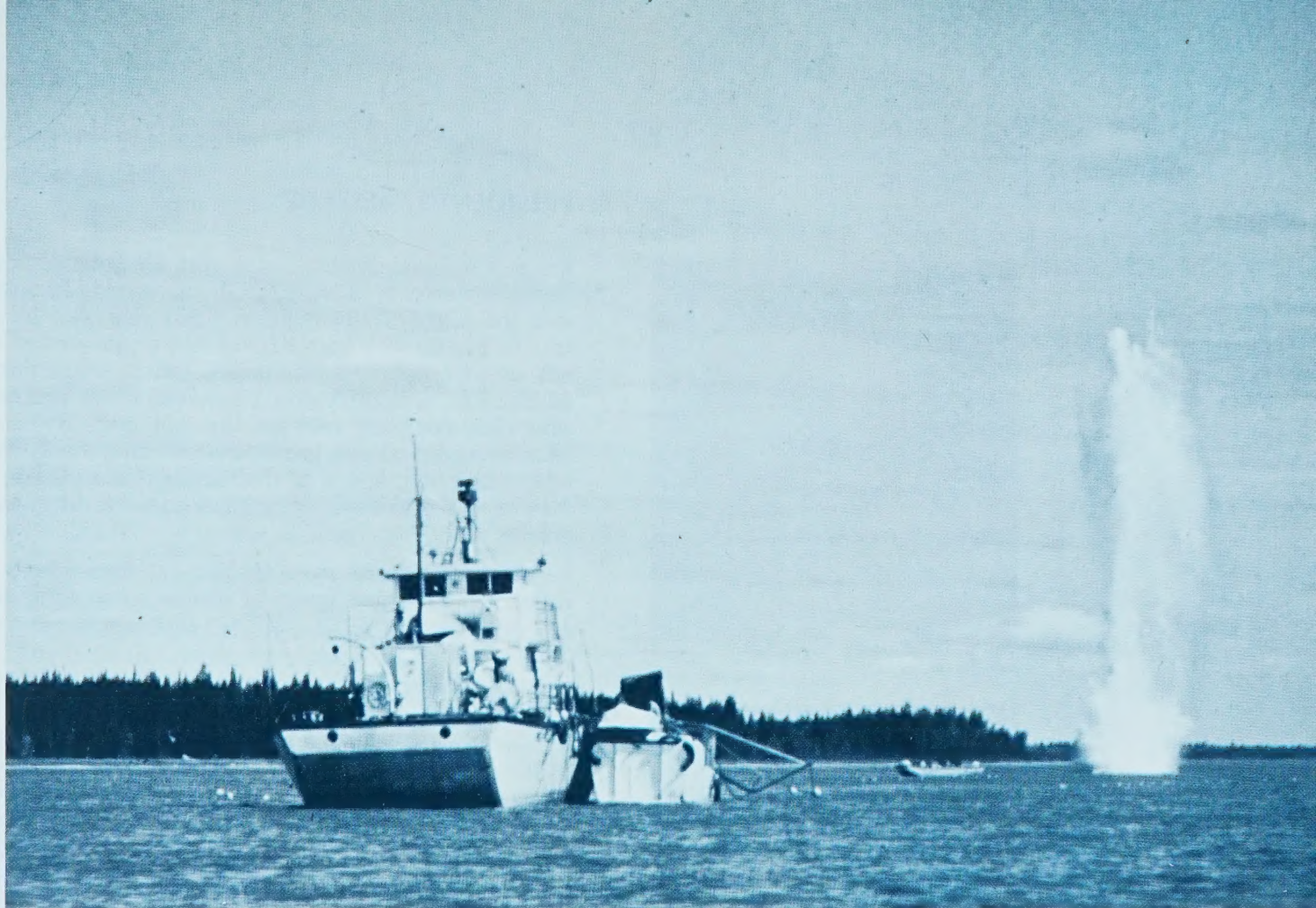
PRICE WATERHOUSE & CO., Calgary, Alberta

Legal Counsel

HOWARD, MOORE, DIXON, MACKIE & FORSYTH, Calgary, Alberta
CRAVATH, SWAINE & MOORE, New York, U.S.A.

Bankers

THE ROYAL BANK OF CANADA, Calgary, Alberta
THE MERCANTILE BANK OF CANADA, Calgary, Alberta



Shallow marine seismic operations in the Mackenzie Delta of the Canadian Arctic

HIGHLIGHTS

	<u>1969</u>	<u>1968</u>
Gross income	\$34,253,364	\$28,071,784
Depreciation and depletion	1,775,047	1,673,784
Net income*	1,803,791	1,264,774
Shares outstanding at year end	3,185,112	2,982,894
Cash flow per common share**	\$ 1.14	\$ 1.29
Net income per common share** . . . . .	.55	.47

* The Company adopted the full cost method of accounting for oil and gas properties effective June 1, 1968 which had the effect of increasing 1969 fiscal year's net income by \$267,649.

**Based on the average number of shares outstanding during the respective years (1969 — 3,111,956; 1968 — 2,461,912) and after deduction of preferred dividends.

Annual General Meeting

The 1969 Annual General Meeting of the Shareholders of Bow Valley Industries Ltd. will be held at the offices of the Company at 10 a.m. September 23, 1969.

PRESIDENT'S MESSAGE



DARYL K. SEAMAN
President



H. DONALD BINNEY
Vice-President



H. KEITH LAZELLE
Secretary-Treasurer

Fiscal 1969 was a successful year for your company. Gross income of \$34,253,364 compared favourably with the \$28,071,784 registered last year. Net income rose to \$1,803,791 from \$1,264,774 a year earlier with net income before extraordinary items amounting to \$1,552,672 compared with \$864,706 in the preceding year. The company adopted the full cost method of accounting for oil and gas operations on June 1, 1968 which had the effect of increasing fiscal 1969 net income by \$267,649 in comparison to prior years' results.

Earnings per share rose to 55¢ in fiscal 1969 on 3,111,956 average number of shares outstanding from 47¢ per share in 1968 on 2,461,912 average number of shares.

Your company acquired Mainland Foundry & Engineering Ltd., Vancouver, British Columbia in October 1968 for a cash consideration of \$1,555,000 plus 11,150 Bow Valley common shares. The activities of this acquisition are described elsewhere in the report. In February 1969 Bow Valley acquired a 50% interest in Computamatics Limited, a Calgary based computer software company. Computamatics holds a major interest in Western Research & Development Ltd., a technical organization engaged in air and water pollution control and related problems in Western Canada.

During the year your company disposed of its minority interest in Castle Oil & Gas Limited at a profit, and Northward Aviation Ltd. and Pan-Oceanic Drilling Ltd. at a loss. The resultant effect on 1969 reported earnings was a profit of \$251,119 shown as an extraordinary item.

Subsequent to the fiscal year-end Bow Valley acquired Wonderly & Kershaw Petrochemical Services Ltd. for \$500,000 cash and 36,000 Bow Valley common shares. Wonderly & Kershaw is engaged in the operation and maintenance of gas and sulphur plants in Western Canada on a contract basis, the construction of small diameter pipelines, and oilfield equipment transport.

On August 15, 1969 Bow Valley acquired Griffith Bros. Drilling Limited of Lac du Bonnet, Manitoba. The purchase price was \$148,000 cash and 4,320 Bow Valley common shares. Griffith Bros. Drilling Limited operates a contract diamond drilling service in Manitoba, Saskatchewan and Ontario.

On May 16, 1969 your company sold privately to institutional investors \$10,000,000 of 5% convertible

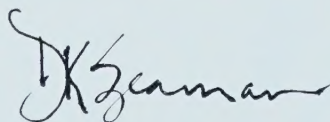
preferred stock. This transaction placed Bow Valley in a strong financial position with working capital of nearly \$12,000,000 at the year-end.

Fiscal 1969 saw the commencement of drilling in the Arctic Islands by Panarctic Oils Ltd., in which Bow Valley has a 2.2588% interest. The first test at Drake Point, which has not yet reached total depth, has confirmed the presence of hydrocarbons in the Arctic Islands. The second test at Sandy Point was abandoned. A third well, Panarctic Marie Bay, is now drilling.

During the year three wells were drilled by major companies in the Mackenzie Delta of the Canadian Arctic coast, resulting in two abandonments and a suspended well. The technical details of these wells have not been made public by the operators. Your company anticipates that further drilling activity by major companies will take place in the Mackenzie Delta when climatic conditions permit the movement of heavy equipment. Bow Valley is carrying out a program of reconnaissance seismic on some of its Delta permits. In addition, your company is participating with its industry partners in conducting marine reconnaissance seismic on its holdings off the Arctic Coast in the Beaufort Sea.

Raymond W. Hammell who has served as a Director of your company since 1965 advises that the pressure of his other business responsibilities will not allow him to stand for re-election to the board this year. The Board of Directors on behalf of the management and shareholders wishes to thank Mr. Hammell for the time and effort he has devoted to Bow Valley's interests over the years. His valued judgment will be missed at Board meetings which have been held more frequently as the company expanded.

The Directors wish to welcome the management and operating personnel of the newly acquired companies to the Bow Valley organization and at the same time desire to express appreciation to all company personnel for a job well done during the past year.



President

August 27, 1969



BYRON J. SEAMAN
Senior Vice-President



DONALD R. SEAMAN
Vice-President



HENRY C. VAN RENSSELAER
Vice-President, Finance



INDEX MAP

GENERALIZED LOCATIONS OF EXPLORATION
AND DEVELOPMENT

0 100 200 300 400 500
Scale in Miles

○ AREAS COVERED IN THE REPORT



Production testing the gas well at Obed

OIL AND GAS EXPLORATION AND DEVELOPMENT

Review of 1969 Operations

Bow Valley's oil and gas exploration and development expenditures amounted to \$1,515,044 in fiscal 1969, including \$818,000 spent in the acquisition of proven oil and gas properties.

Bow Valley also managed \$3,307,084 for its exploration participants, receiving an administration fee for this work. The company earns a 25% interest in the participants' production income after costs have been recovered.

The accompanying table summarizes the drilling activity of the past year. Bow Valley participated in the drilling of twenty wells of which seven were successfully completed and thirteen abandoned. The net figures shown in the table exclude interests which may be earned by Bow Valley in consequence of the 25% net profits arrangement with the company's participants. In addition farmouts were made to other companies who drilled a total of thirteen wells in which Bow Valley retained an

DRILLING ACTIVITY — FISCAL 1969

Development Wells

TOTAL		OIL		GAS		ABANDONED	
Gross	Net	Gross	Net	Gross	Net	Gross	Net
4	0.76	2	0.43	—	—	2	0.33

Exploratory wells

TOTAL		OIL		GAS		ABANDONED	
Gross	Net	Gross	Net	Gross	Net	Gross	Net
16	2.38	4	0.80	1	0.16	11	1.42

interest. (The farmout activity is not included in the table.) Of the thirteen farmout wells drilled, one was completed as an oil well, three were cased as potential low gravity oil producers, three were capped as potential gas wells, and six were dry and subsequently abandoned.

Arctic Exploration

Fiscal 1969 will be remembered as the year in which the search for oil and gas in the Canadian Arctic began in earnest. Two drilling rigs, in which your company has a 50% interest, began operations in the **Arctic Islands** under contract to Panarctic Oils Ltd. Bow Valley has a 2.2588% interest in Panarctic Oils Ltd. Panarctic's first test at Drake Point on Melville Island experienced a gas blow-out confirming the presence of hydrocarbons in the Arctic Islands. The second test, at Sandy Point also on Melville Island, was abandoned. A third well, Panarctic Marie Bay, on Melville Island, is now drilling and a third rig is scheduled to be in operation around November 1, 1969.

In addition to its equity in Panarctic Oils Ltd., Bow Valley and its participants hold 712,517 acres in the Sverdrup Basin of the Arctic Islands.

In the **Mackenzie Delta** of the Canadian Arctic Coast three wells were drilled by major companies resulting in two abandonments and one suspended well. No geological data has been released on these tests to date. Your company anticipates that further industry drilling will take place in the Mackenzie Delta as soon as climatic conditions permit the movement of heavy equipment.

The shooting phase of shallow water reconnaissance seismic has just been completed on some of your company's permits in the Mackenzie Delta. The records will be sent to a computer centre for processing prior to interpretation, which will require a number of weeks. The water over much of your company's acreage in the Delta is so shallow, running as little as eighteen inches in places, that seismic investigation will prove easier in the winter months. While the extremely shallow water



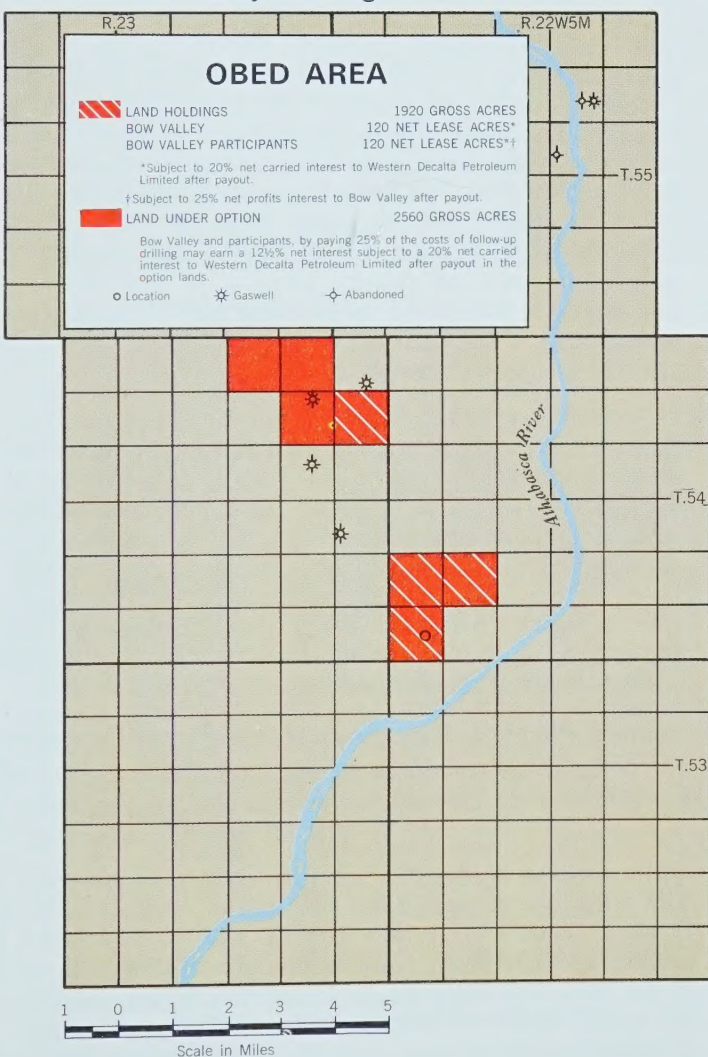
requires special procedures for seismic work it should prove advantageous for drilling operations.

Your company regards the Mackenzie Delta as geologically highly prospective for the discovery of commercial accumulations of hydrocarbons and believes exploration activity in the area will continue to increase. In this connection it is interesting to note that twenty-six companies have approached Bow Valley to earn, or otherwise acquire, an interest in the Mackenzie Delta permits.

A program of marine reconnaissance is being carried out this summer by Bow Valley and its industry partners on **Beaufort Sea** permits in which your company has an interest.

Hudson Bay

The map of Hudson Bay shows the company's land holdings in that area. Last fall, Bow Valley filed on some 898,431 acres. Since that time substantial filings by other companies have taken place. Atlantic-Richfield has a large acreage spread which in part has been farmed out to Aquitaine Company of Canada Ltd. Aquitaine and partners have conducted marine seismic programs and have since added to their acreage holdings. Their first test is currently drilling approximately 75 miles south of Bow Valley's acreage.



Bow Valley has recently agreed to sell an undivided 50% interest in its Hudson Bay acreage for a cash consideration and a 3% over-riding royalty.

Zama-Rainbow, Northwest Alberta

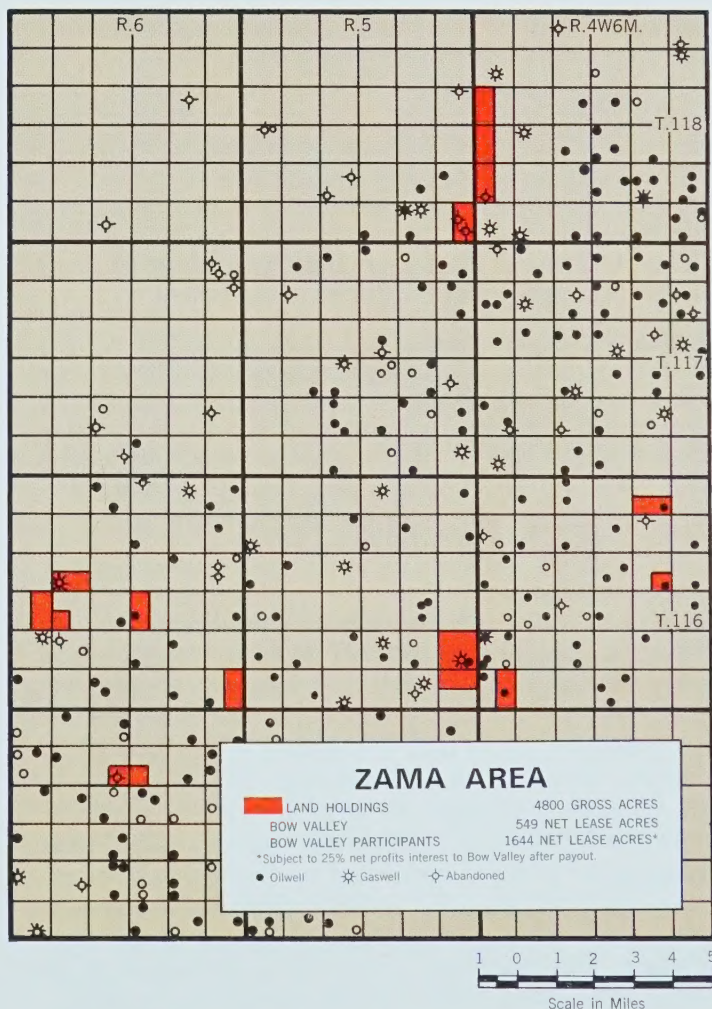
The company participated in the drilling of two successful oil wells and one gas well in Zama and one other oil well in north Rainbow at Galaxy. A farmout also resulted in an oil well in which the company holds an over-riding royalty interest. The accompanying map shows Bow Valley's land holdings in the Zama area where the company currently holds an interest in four producing oil wells, two capped gas wells and the one farmout oil well.

Obed, Alberta

The company has earned an interest in a sour wet gas reservoir at Obed by participating in the drilling of a pool development well. The new well has found substantial reserves in the Nisku formation and plans are now being made to construct a gas scrubbing plant for the marketing of this gas. A second exploratory stepout is currently drilling on one of the option blocks.

Cynthia, Alberta

Bow Valley has a seismic option on a block of acreage in the deep basin of west central Alberta. A seismic program is now under way and the company can earn



up to a 50% interest in 33,920 lease acres by a drilling program.

The Cynthia acreage lies in the vicinity of productive Cardium trends and in the Ireton shale basin favourable for the development of Leduc (D-3) reefs. Recent major sour gas discoveries in Devonian reefs in the Strachan-Ricinus area to the south have heightened interest in the play.

Lac la Biche, Alberta

The Lac la Biche - Calling Lake region of Alberta has recently developed into an attractive shallow gas exploration area as a result of market access. A pipeline to the Great Canadian Oil Sands Ltd. plant at Fort McMurray has been completed. In addition, the area is serviced by the Alberta Gas Trunk Line system. Recently Bow Valley acquired 107,520 acres of petroleum and natural gas reservation lands at Alberta Crown sales. Gas is being produced from nearby fields from Viking, Lower Cretaceous sands and the Devonian Nisku formation. The company's large acreage spread, the ready market, shallow drilling and proximity to gas production make this an interesting exploration prospect.

Wabasca, Alberta

This past winter a new Middle Devonian oil discovery was made in the Senex Creek area of northeastern Alberta. Information on this pool is still confidential. Your company has a 33⅓% interest in some 117,120 lease acres and a 75% interest in a 26,880 acre Petroleum and Natural Gas Reservation, located approximately 23 miles north of the Senex pool. A farmout involving the reservation and 52,800 lease acres located in the northeastern portion of the block was made in late 1968. A 105 mile seismic program was carried out by the farmee and a Precambrian test well will be drilled this coming winter which will entitle the farmee to a 50% interest in 41,280 lease acres. Two additional wells would be required for the farmee to earn a 50% interest in the balance of the leases and the reservation lands, which are held under the farmout agreement.

Lampman, Saskatchewan

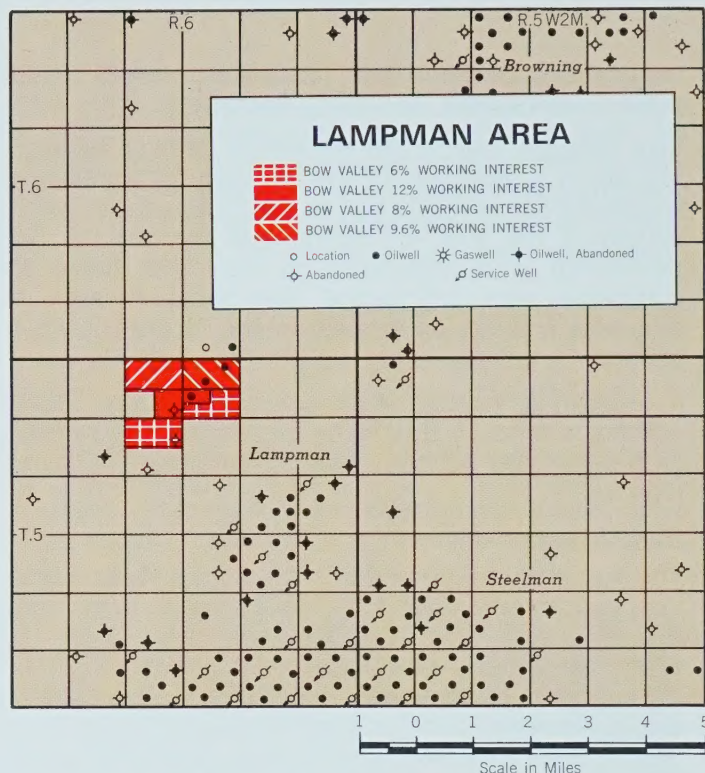
A development drilling program, which resulted in two oil wells and one dry hole, followed the discovery by Bow Valley and industry partners of oil in an exploratory well drilled in October, 1968 near Lampman, Saskatchewan. Bow Valley holds interests varying from 9.6% to 12% in these wells. Further development drilling is contemplated.

British Columbia

Bow Valley has a 33⅓% interest in a successful oil well drilled at **South Inga**, British Columbia. Plans for unitizing and waterflooding the South Inga pool are presently under way. A successful stepout in the **Rigel** field in northeast British Columbia has resulted in the completion of a Buick Creek sand gas well. The company holds an interest in the well and in off-set lands. A second well is planned for the near future.

Ontario

Secondary recovery by waterflooding was initiated in November, 1968 in the **Gobles** oil field in southwestern Ontario. The reservoir is responding favourably to the flood. Bow Valley holds a major interest in the field.



Bow Valley has a 2½% interest in a fifty well exploration program for pinnacle reef production now under way in southwestern Ontario.

East Coast of Canada — Grand Banks

Bow Valley and its participants will earn up to a 40% interest in two permit blocks in the Grand Banks region of eastern Canada. These two permits total 177,818 acres and are located in a large unevaluated offshore sedimentary basin. The basin is similar in many respects to other offshore basins which have recently proven productive. The acreage is well located with respect to major company land owners. Drilling by one of these companies is scheduled to take place off the coast of Nova Scotia in the near future and additional drilling is planned for the summer of 1970.

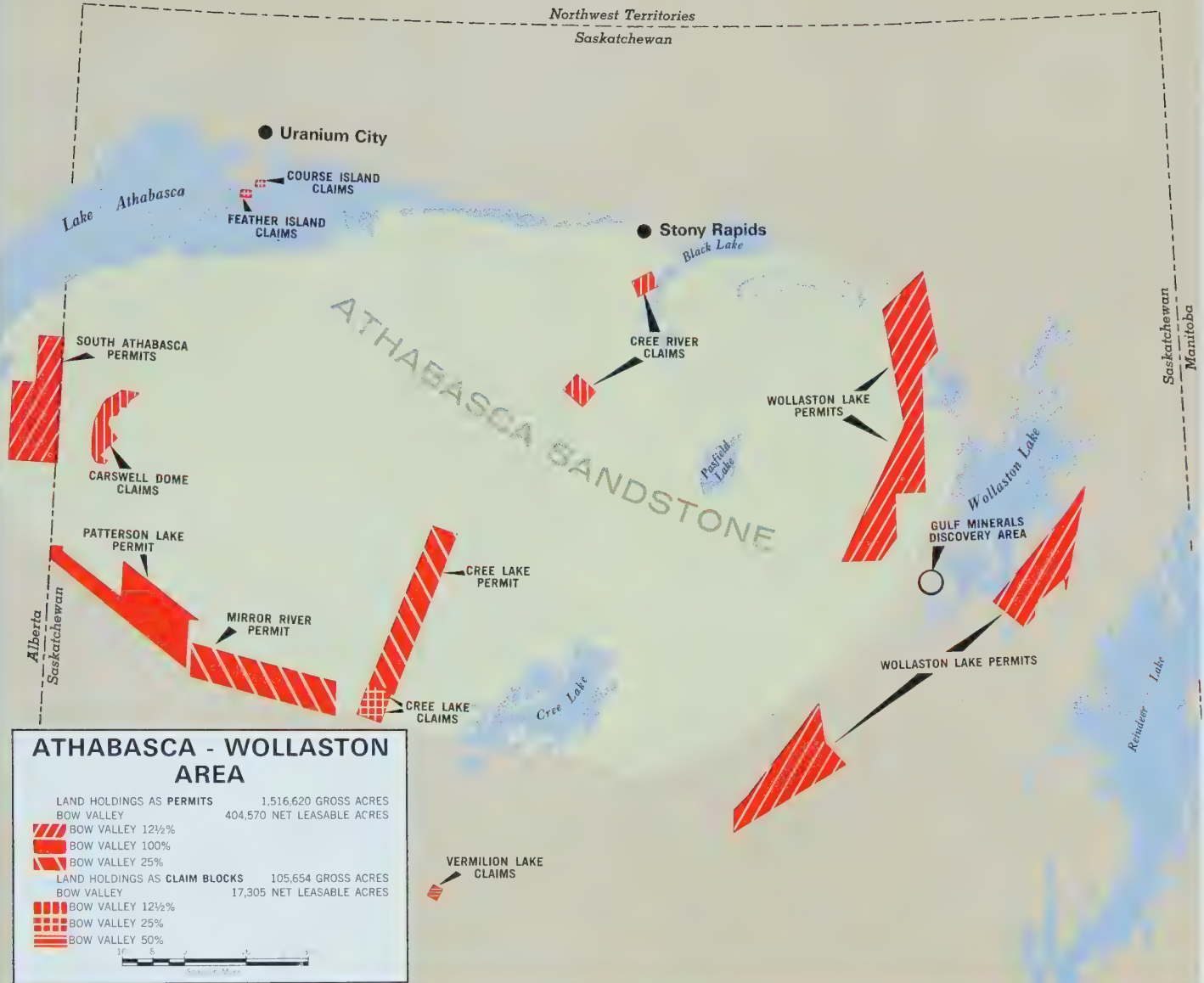
Production

Bow Valley's crude oil and natural gas liquids production, after royalties, averaged 1,552 barrels per day during fiscal 1969 compared to 1,448 barrels in the previous year. Natural gas sales after royalties averaged 2,415 mcf/d and 2,398 mcf/d over the same respective periods. These figures include a net profits interest converted to sales volumes, on some of the producing properties. The accompanying table depicts the growth experienced during the most recent three years.

PRODUCTION SUMMARY

	Fiscal year ended May 31		
	1969	1968	1967
Crude Oil (barrels) . .	537,146	506,401	404,559
Natural Gas Liquids (barrels)	29,320	21,993	22,668
Natural Gas (mcf) . .	881,440	875,314	759,640

(Note: The above figures are net after royalty and include Bow Valley's net profits interest.)



MINERAL EXPLORATION

Bow Valley expended \$150,589 on mineral exploration in fiscal 1969. During the same period expenditures by Bow Valley's participants amounted to \$145,926.

Your company acquired from Numac Oil and Gas Ltd. a 12½% interest in approximately 845,000 acres of land contained in four mineral prospecting permits and three mineral claim blocks in the **Wollaston Lake**, **Cree River** and **Carswell Dome** areas south of Lake Athabasca in northern Saskatchewan.

Three of the permits in the Wollaston Lake area adjoin acreage held by Gulf Minerals Co. and two of the four permits are situated within the Archaean metasedimentary trend that hosts the Gulf uranium mineralization. The other two permits are almost entirely within the Athabasca sandstone sequence.

Bow Valley holds a 25% interest in approximately 209,000 acres in the **Cree Lake** area, as well as a 25% interest in a 192,000 acre mineral prospecting permit near **Mirror River**, and a 12½% interest in mineral prospecting permits totalling 199,680 acres in Alberta, south of **Lake Athabasca**. In addition, Bow Valley has 100% interest in a 192,000 acre mineral prospecting

permit in the **Patterson Lake** area of Saskatchewan as well as a 179,650 acre mineral prospecting permit in the **Gravel Hill Lake** area of the Northwest Territories.

Your company also holds a 50% interest in two mineral claim blocks totalling 2,000 acres in the **Vermilion Lake** area and a 25% interest in 4,790 acres in two mineral claim blocks covering **Course Island** and **Feather Island** in Lake Athabasca.

Bow Valley and industry partners are currently engaged in airborne radiometric surveys over ground associated with the Athabasca Sandstone uranium play. Geological field crews will perform more detailed follow-up work.

Other Bow Valley holdings include mineral claim blocks in the **Atlin** and **Cassiar** districts of northern British Columbia and the **St. Elias** Mountain area of the Yukon. Bow Valley has an interest in a large block of claims recently staked near a molybdenum strike made by another company at Mt. Haskin in the Cassiar district.

Bow Valley and its partners are currently carrying out further exploration on claims held in northern British Columbia and the Yukon.

OIL AND GAS CONTRACT DRILLING

The three oil and gas contract drilling divisions of your company, Antelope Drilling, Hi-Tower Drilling and Sedco Drilling drilled 1,279,054 feet in fiscal 1969 compared to 1,245,012 feet in the previous year.

During the year a second rig was contracted by Panarctic Oils Ltd. from the Commonwealth-Hi-Tower venture in which Bow Valley holds a 50% working interest. The venture currently has two rigs working for Panarctic Oils Ltd. on Melville Island in the Canadian Arctic and expects to have a third rig in operation for Panarctic by November 1, 1969.

Bow Valley commenced drilling in the United States in fiscal 1969 and now has four rigs working in the northern U.S.A. and an office in Denver, Colorado.

Changing seismic technology led Sedco Drilling to acquire three vibrator units in 1969 which have been in such demand that eight more have been ordered subsequent to the year-end.

Sedco arranged for the development of a helicopter-transportable seismic drill and now has four of these units at work on the North Slope of Alaska.

SALE OF OILFIELD EQUIPMENT AND SUPPLIES

While there was little change in the sales volume of oilfield and industrial supplies from the previous year, Bow Valley's Cardwell division and wholly owned subsidiary, Cardwell Supply Ltd. registered an improved profit performance due to operating economies effected by management.

Cardwell continued its position as a leading supplier to the drilling, well servicing, oil and petrochemical industries in Western Canada. Cardwell operates seven stores located in key producing areas in Alberta, Saskatchewan, and British Columbia and performs under contract the purchasing, warehousing, and dispensing of most of the maintenance material for Great Canadian Oil Sands Ltd. at their plant in the Athabasca Tar Sands area in northern Alberta.

Efforts are being made to expand Cardwell's contract warehousing and purchasing activities as growth prospects for this type of business are particularly promising.

ALEXBOW in action in Melville Sound. (Photo courtesy of Scott Alexander)



AVIATION SERVICES

Demand for helicopter services during the first half of fiscal 1969 was lower than last year. During the latter part of the year business improved with increased exploration activity in the Arctic.

Your company's aviation subsidiary, Bullock Helicopters Ltd. was awarded the Panarctic Oils Ltd. helicopter contract for 1969 and currently has four machines working in the Arctic Islands.

The Bullock fleet presently comprises fourteen units, eight of which are jet powered. In March, 1969 a new Bell 205A helicopter was put into service and has been under contract in the Arctic Islands and the Northwest Territories since that time.

Principal base for the Bullock operation is at Calgary with a secondary base being maintained at Golden, British Columbia while designated points include Inuvik

and Yellowknife, Northwest Territories, and Wollaston Lake, Saskatchewan.

The financial results of the Bullock subsidiary were unsatisfactory in 1969. Recent management changes involved the departure of the previous owners from the business and the appointment by Bow Valley of a new General Manager.

The outlook for fiscal 1970 is for increased helicopter activity with improved operating results.

Helicopters have become indispensable in solving the demanding transportation problems of the remote regions of Northern Canada. Reliance on helicopter capability will increase as oil and mining exploration expands in the Northwest Territories and Arctic Islands in fiscal 1970.

Upper left: Bullock helicopter transporting seismic equipment on Melville Island

Lower left: Area of mineral exploration in the St. Elias Mountains, Yukon

Below: Bullock helicopter airlifting skiers in the Bugaboo Mountains, British Columbia



FOUNDRY AND ENGINEERING ACTIVITIES

Mainland Foundry & Engineering Ltd., with main offices in Vancouver, British Columbia, employs more than two hundred people in three manufacturing plants, an engineering warehousing complex, and three branch sales warehouses. Plant facilities exceed 100,000 square feet located on twenty-three acres of prime industrial land.

Primarily oriented towards the manufacture and supply of machinery and materials for the lumber industry, Mainland also has extensive dealings with the fishing, mining, agricultural, heavy construction and food handling industries. Mechanical power transmission components originating in England, Eastern Canada, the United States, Australia and Japan, as well as Mainland's own factories, are warehoused and distributed throughout Canada.

Mainland's new iron foundry built in Richmond, British Columbia, in 1967 is the largest west of Ontario and is a major supplier to the Western Canadian jobbing iron market.

Mainland utilizes many of the same components which it distributes, along with products of its iron foundry, steel fabrication plant and machine shop, in the production of a wide variety of specially designed heavy duty machinery. Custom designed and built Mainland units are in use in many of the sawmills in British Columbia and Alberta as well as on the Prairies, in Eastern Canada, the United States, Dominica, B.W.I., Hawaii, Formosa and Chile.

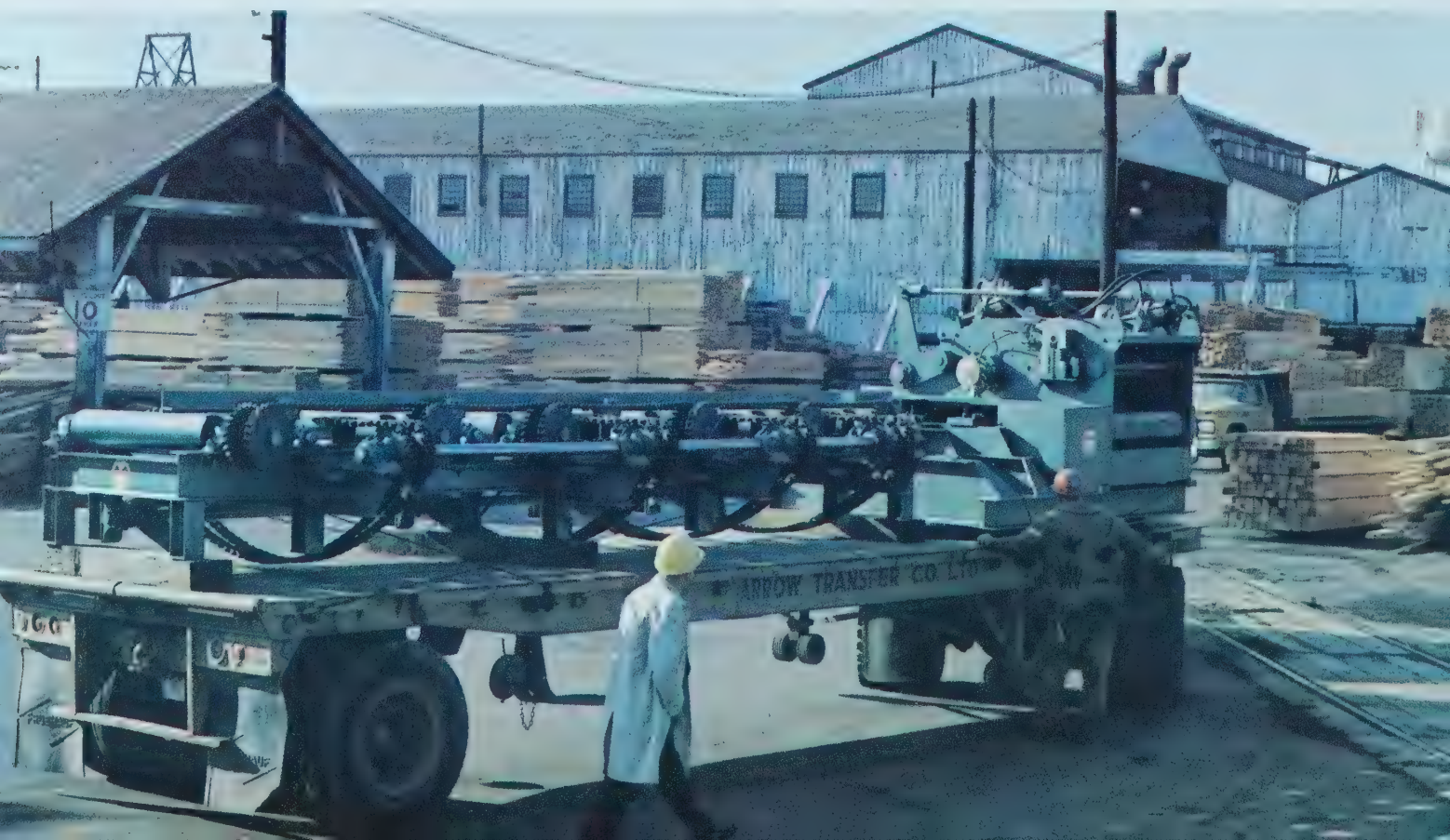
Right: Pouring with one of Mainland's Demag electric cranes in the foundry

Below: Mainland custom designed edger ready for delivery

MANUFACTURE OF FORCED AIR HEATING EQUIPMENT

Bow Valley's Flame-Master division experienced a year of growth in sales and profits. Additional plant capacity and new equipment resulted in production efficiencies which contributed to the improved performance.

Further growth for the Flame-Master division in fiscal 1970 is anticipated. Arrangements have been made with a large heating wholesaler to distribute Flame-Master's products in certain areas of the western provinces. This arrangement should result in increased coverage and higher sales.



MINING CONTRACT DRILLING

Bow Valley's contract diamond drilling subsidiary, Connors Drilling Ltd. drilled a total of 356,976 feet of diamond drill hole in fiscal 1969 compared to approximately 400,000 feet the previous year. Footage was down due to more difficult drilling encountered on 1969 contracts. Operating income was slightly higher than 1968 results.

Mining exploration and development activity in British Columbia continues at a high level.

AFFILIATED COMPANIES

Computamatics Limited, in which Bow Valley has a 50% interest, is a Calgary based computer software company primarily serving the oil and gas industry. Computamatics began operations on November 1st, 1968 and at May 31st, 1969 had a staff of fourteen engaged in the development of advanced computer programs in both the scientific and commercial fields. Progress has been made in the documentation and organization of existing programs developed over a ten year period and made available to Computamatics by McDaniel Consultants (1965) Ltd. and predecessor companies.

Development has continued on mathematical matrix models for oil and gas reservoirs and similar problems. Computamatics expects that a large scale three phase two dimensional model will be in operation by the fall of this year. The company is also involved in the implementation of a comprehensive oil and gas well production data system for Alberta, the introduction of a geological data mapping service and in the construction of a program for analyzing dynamometer tests on pumping

oil and water wells. Development is continuing on several large and flexible commercial program packages for various accounting problems.

While the data processing phase of Computamatics' business is highly competitive, the company's data processing center maintained a satisfactory level of operation during the period under review.

A number of projects presently in progress are expected to provide continued growth in the use of facilities and program rental service in fiscal 1970.

Computamatics holds an 87% interest in **Western Research & Development Ltd.**, a company engaged in the measurement and analysis of air and water pollution problems and gas plant performance testing.

The operations of Western Research & Development Ltd. are expanding and the staff has increased from seven to fourteen since July, 1968. There has been continued expansion in environmental control with new instruments and services added. In process control two portable chromatographs were put into service which enables the organization to carry out closely monitored tests on sulphur plants. Several operations research projects in the process control area are underway and it is planned that additional new services along this line will be progressively introduced.

The office was moved to temporary larger space pending occupancy of more adequate and permanent space in a new building later in the year. It is also planned to move the present laboratory to new and larger facilities.

Bow Valley continues to hold an approximate 10% interest in **Western Rock Bit Company Limited**, a Calgary based manufacturer of drilling bits.

Left: Section of Mainland's assembly shop

Right: Air pollution monitoring trailer


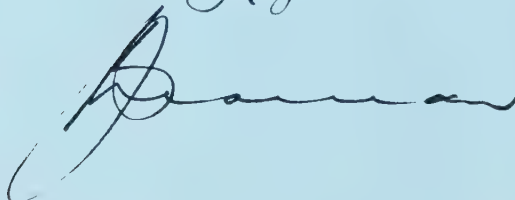


CONSOLIDATED BALANCE SHEET

Assets

	1969	1968
Current Assets		
Cash, including deposit receipts	\$ 9,938,805	\$ 1,147,532
Accounts receivable—		
Trade	5,546,003	4,896,180
Other	505,998	284,903
Inventory of materials, supplies and merchandise (Note 4)	6,804,200	5,635,869
Prepaid expenses	306,039	312,487
	<u>23,101,045</u>	<u>12,276,971</u>
Capital Assets, at cost (Notes 2 and 5)	28,012,388	23,280,815
Less — Accumulated depreciation and depletion	10,095,152	8,305,447
	<u>17,917,236</u>	<u>14,975,368</u>
Cost of Investment in Subsidiaries in Excess of Book Value,		
at date of acquisition (Note 1)	1,883,243	1,149,102
Other Assets and Deferred Charges		
Interest in Panarctic Oils Ltd., at cost	452,879	452,879
Investments (at cost) in and advances to other companies	121,483	671,545
Sundry assets	314,353	187,146
Unamortized deferred charges (Note 6)	558,524	609,284
	<u>1,447,239</u>	<u>1,920,854</u>

Approved on behalf of the Board:

 Director
 Director

\$44,348,763 \$30,322,295

MAY 31, 1969 (Canadian dollars)

Liabilities

	<u>1969</u>	<u>1968</u>
Current Liabilities		
Operating bank loans, secured (Note 3)	\$ 2,648,326	\$ 550,000
Bankers' acceptances, secured (Note 3)	3,000,000	3,200,000
Accounts payable and accrued	4,466,633	4,415,458
Amount owing on purchase of a subsidiary company	101,106	300,000
Estimated income taxes payable	31,325	20,000
Long term debt due within one year	979,066	856,634
	<u>11,226,456</u>	<u>9,342,092</u>
Long Term Debt (Note 7)	4,462,211	4,684,079
Deferred Income Taxes (Note 9)	463,398	391,645
Shareholders' Equity		
Share capital (Note 8)—		
5½ %Cumulative redeemable preferred shares		
Series A of a par value of \$20 each—		
Authorized and issued — 100,000 shares		
Outstanding — 92,980 shares (1968 — 94,980)	1,859,600	1,899,600
5% Cumulative redeemable convertible second preference		
shares of a par value of \$100 each —		
Authorized, issued and outstanding — 100,000 shares	10,000,000	—
Common shares of no par value —		
Authorized — 6,000,000 shares		
Issued and outstanding — 3,185,112 (1968 — 2,982,894)	8,224,966	6,983,743
Capital redemption reserve fund, on redemption of preferred shares	140,400	100,400
Contributed surplus, on redemption of preferred shares	25,885	17,625
Retained earnings, per statement attached (Note 10)	7,945,847	6,903,111
	<u>28,196,698</u>	<u>15,904,479</u>
Contingent Liabilities and Commitments (Note 11)		
	<u>\$44,348,763</u>	<u>\$30,322,295</u>

CONSOLIDATED STATEMENT OF INCOME

For the year ended May 31, 1969 — (Canadian dollars)

	<u>1969</u>	<u>1968</u>
Income		
Contract drilling—		
Oil and gas	\$11,160,722	\$ 9,235,048
Mining	2,259,027	2,684,572
Sales of oilfield equipment and supplies	11,803,820	11,648,651
Foundry and engineering sales	3,997,738	—
Oil and gas sales, less royalties	1,549,711	1,467,370
Aviation services	1,751,642	2,196,406
Sales of heating equipment	1,137,415	346,877
Other	593,289	492,860
	<u>34,253,364</u>	<u>28,071,784</u>
Costs and Expenses		
Cost of sales	14,689,673	10,974,099
Operating costs	12,763,397	11,444,781
General and administrative	2,746,820	2,131,239
Depreciation and depletion (Note 2)	1,775,047	1,673,784
Dry-hole costs and oil and gas properties abandoned (Note 2)	—	195,293
Mining properties abandoned	38,648	—
Amortization of deferred charges	95,328	84,376
Interest expense	654,919	663,472
	<u>32,763,832</u>	<u>27,167,044</u>
	1,489,532	904,740
Taxes on Income (Note 9)		
Current	(8,205)	(32,800)
Deferred	(54,935)	53,460
	<u>(63,140)</u>	<u>20,660</u>
Income Before the Following Deduction	<u>1,552,672</u>	<u>884,080</u>
Portion of net income of pooled company applicable to capital stock purchased	—	19,374
Income Before Extraordinary Items	<u>1,552,672</u>	<u>864,706</u>
Excess of book value of assets destroyed over fire loss claims	—	(28,054)
Gain on sale of interests in oil and gas properties	—	301,999
Gain on sale of investments	251,119	126,123
Net Income	<u><u>\$ 1,803,791</u></u>	<u><u>\$ 1,264,774</u></u>
Earnings per common share — (Based on average number of common shares outstanding and after dividend requirements on Series A Preferred Shares) —		
Income applicable to common shares before extraordinary items	\$.47	\$.31
Extraordinary items . . . . .	.08	.16
Net income	<u><u>\$.55</u></u>	<u><u>\$.47</u></u>

No dilution of earnings per common share would result assuming conversion of Second Preference Shares at date of issue on May 16, 1969 and the exercise of outstanding warrants and stock options and investment of funds therefrom at a 7.5% rate of return.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended May 31, 1969 — (Canadian dollars)

	1969	1968
Source of Funds		
Operations —		
Income before extraordinary items	\$ 1,552,672	\$ 864,706
Add — Non-cash charges, including depreciation and depletion, mining properties abandoned, amortization of deferred charges and deferred taxes on income	1,854,088	2,026,287
	3,406,760	2,890,993
Proceeds from extraordinary items —		
Sale of investments	923,000	—
Sale of interests in oil and gas properties	—	410,000
Sale of investment in shares of a subsidiary company, less working capital thereof	—	516,008
Fire loss claims	—	220,995
	923,000	1,147,003
Share capital issued, less costs of issue —		
Common shares	1,241,223	5,167,440
Second preference shares	9,698,778	—
	10,940,001	5,167,440
Other	346,555	84,007
	15,616,316	9,289,443
Application of Funds		
Net additions to capital assets —		
Land, buildings, drilling and other equipment	2,485,235	1,644,928
Oil and gas properties and equipment and mining properties	1,665,633	2,332,072
Interest in Panarctic Oils Ltd.	—	452,879
Investments in and advances to other companies	121,809	14,624
Investment in shares of subsidiary companies, less working capital thereof	1,058,467	1,532,673
Decrease in long term debt — net	615,150	1,337,146
Redemption of preferred shares	31,740	39,125
Cash dividends paid	419,833	362,462
Other	278,739	—
	6,676,606	7,715,909
Increase in working capital	8,939,710	1,573,534
Working capital, beginning of year	2,934,879	1,361,345
Working capital, end of year	\$11,874,589	\$2,934,879

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended May 31, 1969 — (Canadian dollars)

	1969	1968
Balance, beginning of year	\$6,903,111	\$6,050,799
Net income for the year	1,803,791	1,264,774
	<u>8,706,902</u>	<u>7,315,573</u>
 Deduct —		
Cash dividends paid —		
Preferred Shares Series A (5½%)	103,323	105,853
Common Shares (\$.10 per share)	316,510	256,609
Cost of issue of Second Preference Shares	301,222	—
Amount transferred to capital redemption reserve fund	40,000	50,000
	<u>761,055</u>	<u>412,462</u>
Balance, end of year	<u><u>\$7,945,847</u></u>	<u><u>\$6,903,111</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**1. Accounting Presentation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. These consolidated statements also reflect a subsidiary's share of the assets and liabilities and revenue and expenses of a joint venture involved in contract drilling operations in which the subsidiary has a 50% interest. In October 1968 the Company acquired the outstanding shares of Mainland Foundry & Engineering Ltd. for a cash consideration of \$1,555,000 plus the issue of 11,150 common shares of the Company. The transaction has been accounted for as a purchase and the earnings of the subsidiary have been included from the effective date of acquisition.

The cost of investment in subsidiaries in excess of book value at date of acquisition, other than the portion allocated to tangible assets which is being depreciated and depleted, relates mainly to the acquisition of certain subsidiaries in 1960, the purchase part of the acquisition of Bullock Helicopters Ltd. in the 1968 fiscal year and the acquisition of Mainland Foundry & Engineering Ltd. Management believes there are no reasons to expect any significant decrease in the value of this intangible asset and accordingly does not presently contemplate amortization of any portion of such excess cost.

2. Change in Accounting Policy for Oil and Gas Properties

Prior to June 1, 1968 the companies followed the practice of expensing lease rentals on non-producing oil and gas properties, costs of dry holes and surrendered properties and recording gains and losses on properties sold. Lease acquisition costs together with drilling and other costs applicable to productive properties, were capitalized and depleted by the unit of production method based on estimated reserves of oil and gas.

Effective June 1, 1968 the full cost method of accounting was adopted whereby all costs relating to the exploration for and development of oil and gas reserves, including exploration overhead, are capitalized whether productive or unproductive and depletion is computed on the total of all such costs by the unit of production method based on the total estimated reserves of oil and gas. This change in accounting policy had the effect of increasing net income by an amount of \$267,649 for the year ended May 31, 1969.

3. Current Assets Subject to Liens

During the 1967 fiscal year two subsidiary companies issued floating charge debentures, payable on demand, of \$2,000,000 each on their current assets as security for bankers' acceptances of such subsidiaries. In addition, such subsidiaries have granted a specific charge on certain of their inventory and the Company and each active subsidiary have given a general assignment of receivables to secure their respective bank obligations.

4. Inventory of Materials, Supplies and Merchandise

The inventory, which is valued at the lower of cost (average cost method) or net realizable value, is comprised of the following:

	1969	1968
Finished goods	\$5,713,930	\$4,570,267
Work in progress	125,721	1,615
Raw materials	217,847	87,386
Materials and supplies	746,702	976,601
	<u>\$6,804,200</u>	<u>\$5,635,869</u>

The finished goods inventory includes merchandise valued at \$3,963,050 at May 31, 1969 (May 31, 1968 — \$3,212,505), excluding costs of freight and duty, which is held exclusively for sale to Great Canadian Oil Sands Limited. Such inventory items are sold at cost, plus a fee, and freight and duty on items purchased are reimbursed currently. The agreement between the companies is on a year-to-year basis, subject to termination by either party on 90 days notice with provision for the purchase at cost (as defined) by Great Canadian Oil Sands Limited of the inventory on hand at the time of termination.

5. Capital Assets and Depreciation Policies

		1969		1968
	Cost	Accumulated depreciation and depletion	Net book value	Net book value
Drilling and other equipment	\$11,859,579	\$ 6,792,926	\$ 5,066,653	\$ 3,616,474
Oil and gas properties and equipment	12,163,697	2,692,627	9,471,070	8,403,774
Helicopters and related equipment	2,566,197	301,911	2,264,286	1,967,135
Land and buildings	1,422,915	307,688	1,115,227	987,985
	<u>\$28,012,388</u>	<u>\$10,095,152</u>	<u>\$17,917,236</u>	<u>\$14,975,368</u>

In recognition of the probability that the options to purchase two helicopters pursuant to lease option agreements will be exercised, the transactions have been treated as conditional purchases of equipment and the lease rights of \$679,443 at May 31, 1969 are included in capital assets.

Depreciation of drilling and related equipment is calculated by the diminishing balance method, mainly at the rate of 20%, and depreciation of oil and gas well and battery equipment by the straight line method at the rate of 10%. Depreciation of helicopter equipment is calculated by the straight line method, mainly at the rate of 10% of cost, less estimated residual value of 40%.

6. Unamortized Deferred Charges

Series A preferred share issue expense and long term debt issue expense of \$261,456 at May 31, 1969 is being amortized over a period of ten years and over the terms of the issues, respectively. Other deferred charges of \$115,086 included in the balance at May 31, 1969 are being amortized mainly over a period of five years.

7. Long Term Debt

Company	1969	1968
7% Sinking Fund Debentures Series A, due March 1, 1986, redeemable with annual sinking fund instalments of \$158,000 each due 1970 to 1985 inclusive (Authorized — \$4,000,000)	\$3,519,000	\$3,684,000
Obligation as participant in Panarctic Oils Ltd., payable within a three year period which commenced October 1, 1967	150,583	351,236
	<u>3,669,583</u>	<u>4,035,236</u>
Subsidiaries		
Bank loans at current rate of interest, repayable at the rate of \$15,102 per month, secured mainly by oil and gas producing properties	590,116	304,247
Notes payable on equipment purchases with varying interest rates, due 1970 to 1973, secured by retention of title	449,025	298,437
Equipment purchase agreements in the amount of \$175,444 (U.S.), secured by retention of title, repayable in monthly instalments of \$13,707 (U.S.), including interest	189,479	352,623
Equipment rental obligations under lease/option to purchase agreements (discounted), payable \$195,780 in 1970 and the balance in 1971, plus purchase option prices of \$34,580	259,397	461,620
7% debenture, repayable in monthly instalments of \$3,461, secured . . .	217,445	—
Other term obligations, payable over a two year period	66,232	88,550
	<u>1,771,694</u>	<u>1,505,477</u>
	5,441,277	5,540,713
Less — Amount due within one year	979,066	856,634
	<u>\$4,462,211</u>	<u>\$4,684,079</u>

The 7% Sinking Fund Debentures Series A are secured by a first floating charge on all the Company's undertaking subject to permitted encumbrances.

The aggregate maturities of long term debt in each of the five years subsequent to May 31, 1969 are as follows:

1970 — \$979,066;	1971 — \$661,417;	1972 — \$475,974;
1973 — \$324,355;	1974 — \$185,745.	

8. Share Capital, Share Purchase Warrants and Share Options

The Company is required to expend \$40,000 per year (or commencing in 1968 with such lesser amount as would increase the Fund to \$80,000) as a Series A Preferred Share Purchase Fund for the purchase for redemption or retirement of its 5½% Cumulative Redeemable Preferred Shares Series A, provided such shares are available in the open market for purchase at a price not exceeding their par value plus reasonable costs of acquisition. The Series A preferred shares are subject to redemption at any time at \$21 per share. During the fiscal year 2,000 preferred shares were purchased and cancelled and the gain arising on cancellation was credited to contributed surplus.

The 5% Cumulative Redeemable Convertible Second Preference Shares of a par value of \$100 each were created in April 1969, issued on May 16, 1969 and are convertible at any time prior to April 2, 1979 into common shares at an initial conversion price of \$30 per common share (one preference share for 3⅓ common shares). These shares rank junior to the Series A Preferred Shares and are subject to redemption on or after April 1, 1974 at \$105 per share, plus accumulated unpaid dividends, except that during the period from April 1, 1974 to April 1, 1979 redemptions are subject to deferment under certain conditions. On or before March 31 in each year commencing with the year 1980, the Company is required to set aside as a Sinking Fund an amount equal to 5% of the par value of the Second Preference Shares outstanding at the close of business on April 1, 1979 for the purpose of either redeeming or purchasing the shares.

On April 15, 1969, the shareholders of the Company approved an amalgamation agreement providing for the amalgamation of the Company with Bow Valley Land Co. Ltd., a wholly-owned subsidiary. The amalgamation, when consummated, will not result in any change in the consolidated financial position of the amalgamated company from that of the Company.

During the fiscal year the Company's authorized common share capital has been increased from 4,000,000 to 6,000,000 common shares of no par value. The changes in issued common share capital during the fiscal year are as follows:

	Common shares of no par value	
	Number of Shares	Amount
Balance May 31, 1968	2,982,894	\$6,983,743
Shares issued as part consideration for the outstanding shares of Mainland Foundry & Engineering Ltd.	11,150	245,000
Shares issued for cash upon exercise of — Warrants	165,668	758,173
Employee stock options	25,400	238,050
Balance May 31, 1969	3,185,112	\$8,224,966

Of the authorized but unissued common shares 499,371 shares were reserved at May 31, 1969 for issue upon the exercise or conversion of the:

- Outstanding warrants which entitle the holders thereof to purchase 1,136 common shares of the Company at \$1.875 per share to May 31, 1973 and 44,102 common shares of the Company at \$4.75 per share to July 15, 1970.
- Options granted, or to be granted, as to 120,800 common shares of the Company to officers and employees of the companies under the terms of the Company's 1966 Incentive Stock Option Plan. The number of common shares authorized to be granted under the Plan was increased from 100,000 to 150,000 shares pursuant to a shareholders' meeting on April 15, 1969.
- 5% Cumulative Redeemable Convertible Second Preference Shares into initially 333,333 common shares of the Company.

Details of common shares under option are as follows:

Option price and date of grant	Expiry date	Balance, May 31, 1968	Fiscal year 1969		Balance, May 31, 1969
			Exercised	Granted	
\$ 8.55 — March 3, 1966	March 3, 1971	60,200	11,400	—	48,800
9.03 — December 14, 1967	December 14, 1972	7,000	2,000	—	5,000
10.21 — May 29, 1968	May 29, 1973	22,000	12,000	—	10,000
25.89 — May 5, 1969	May 5, 1974	—	—	26,825	26,825
		89,200	25,400	26,825	90,625

9. Income Taxes

The Company and subsidiaries, other than Bullock Helicopters Ltd. and Connors Drilling Ltd., have followed the taxes payable basis of accounting for income taxes to May 31, 1969 and have claimed tax depreciation in amounts which have approximated book depreciation on a cumulative basis. The total taxes payable have been substantially reduced by

claiming allowable deductions for oil and gas lease acquisition, exploration and drilling costs all of which are capitalized in such companies' accounts and subsequently amortized or written off. The balance of these unclaimed expenditures remaining to be applied against future taxable income amounted to approximately \$100,000 at May 31, 1969.

The Accounting and Auditing Research Committee of the Canadian Institute of Chartered Accountants recommends income tax allocation for all differences in the timing of deductions for tax and accounting purposes which originate in financial years commencing on or after January 1, 1968. The Company, in common with many other companies in the Canadian oil and gas industry, believes that tax allocation in respect of oil and gas lease acquisition, exploration and drilling costs is not appropriate and this position is accepted by accounting authorities outside Canada. Accordingly, no provision has been made for deferred income taxes on timing differences involving such costs. If the tax allocation basis had been followed, net income for the fiscal year would have been reduced by \$771,880 (\$588,256 in 1968). On a cumulative basis deferred income tax credits to May 31, 1969 would have been \$4,200,000 of which \$463,398 has been reflected in the companies' accounts relating mainly to tax depreciation claimed in excess of book depreciation from inception by the two subsidiaries referred to above and by Mainland Foundry & Engineering Ltd. to the date of acquisition.

10. Restrictions on Dividends

Under the terms of the Trust Deed for the 7% Sinking Fund Debentures Series A of the Company and the terms of the Series A Preferred Shares, dividends on common shares shall not be declared or paid:

- (a) If after giving effect to such declaration or payment, the aggregate of the consolidated retained earnings and consolidated capital surplus of the Company will be less than \$3,000,000; and
- (b) Unless after giving effect to such dividends the amount of the consolidated retained earnings will be at least 125% of the par value of all of the Series A Preferred Shares and all preferred shares ranking in priority thereto or equivalent therewith then issued and outstanding.

At May 31, 1969, approximately \$5,200,000 of consolidated retained earnings was free of these restrictions.

11. Contingent Liabilities and Commitments

At May 31, 1969 the Company and/or one or more of its subsidiaries were contingently liable (a) for discounted conditional sales contracts receivable in the amount of \$707,108 and (b) to the extent of \$787,792 representing the liabilities of the co-owner in the joint venture but against which the company would have a claim upon the co-owner and the interest of the co-owner in the joint venture assets.

Litigation relating to an interest in an oil and gas property of the Company and a subsidiary is pending. In the opinion of counsel for the Company the result of the litigation should not be unfavourable to the Company.

Litigation relating to the crash of a helicopter owned by Bullock Helicopters Ltd. (prior to its acquisition by the Company) has been settled, notice of which has been received by the Company on August 5, 1969. Bullock Helicopters Ltd. was not required to make any contribution to the settlement.

Pursuant to the agreement for the purchase of the outstanding shares of Bullock Helicopters Ltd., an additional amount of \$300,000 will be payable by the Company to the vendors in 1972, subject to certain conditions being met, including an earnings test for the five year period ending January 3, 1972.

The Company is committed to expend an amount of \$750,000 over a five year period commencing in 1969 in connection with computer programs.

12. Remuneration of Directors and Senior Officers

The aggregate direct remuneration received by the directors and senior officers of the Company amount to \$164,152 in 1969.

13. Subsequent Events

On July 18, 1969 the Company acquired the outstanding shares of Wonderly & Kershaw Petrochemical Services Ltd. in exchange for 36,000 previously unissued common shares of the Company and the payment of \$500,000 cash. On July 10, 1969 the Company entered into an agreement for the purchase of the outstanding shares of Griffith Bros. Drilling Limited in exchange for 4,320 previously unissued common shares of the Company and the payment of \$148,000 cash.

AUDITORS' REPORT

To the Shareholders of
BOW VALLEY INDUSTRIES LTD.

We have examined the consolidated balance sheet of Bow Valley Industries Ltd. and subsidiary companies as at May 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at May 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change (with which we concur) in accounting for oil and gas properties as explained in Note 2 to the consolidated financial statements.

CALGARY, Alberta

PRICE WATERHOUSE & CO.
Chartered Accountants

July 18, 1969 (except for settlement of litigation referred to
in Note 11 for which the date is August 5, 1969)

NINE YEAR FINANCIAL SUMMARY

(as restated for 1967 and prior years to reflect 1968 poolings of interest)

	1969	1968	1967
Gross income	\$34,253,364	28,071,784	24,487,750
Depreciation and depletion	1,775,047	1,673,784	1,576,665
Income before extraordinary items	1,552,672	864,706	1,352,439
Extraordinary items	251,119	400,068	239,499
Net income	1,803,791	1,264,774	1,591,938
Shares outstanding at year-end — (2)			
Common	3,185,112	2,982,894	2,148,894
Preferred, Series A	92,980	94,980	97,480
Second Preference	100,000	—	—
Per common share — (1) and (2)			
Cash flow	\$ 1.14	1.29	1.49
Income before extraordinary items . . . . .	.47	.31	.52
Extraordinary items . . . . .	.08	.16	.10
Net income . . . . .	.55	.47	.62
Dividends per share — (2)			
Common	\$.10	.10	.09
Preferred, Series A	1.10	1.10	1.10

Eight Year Financial Summary

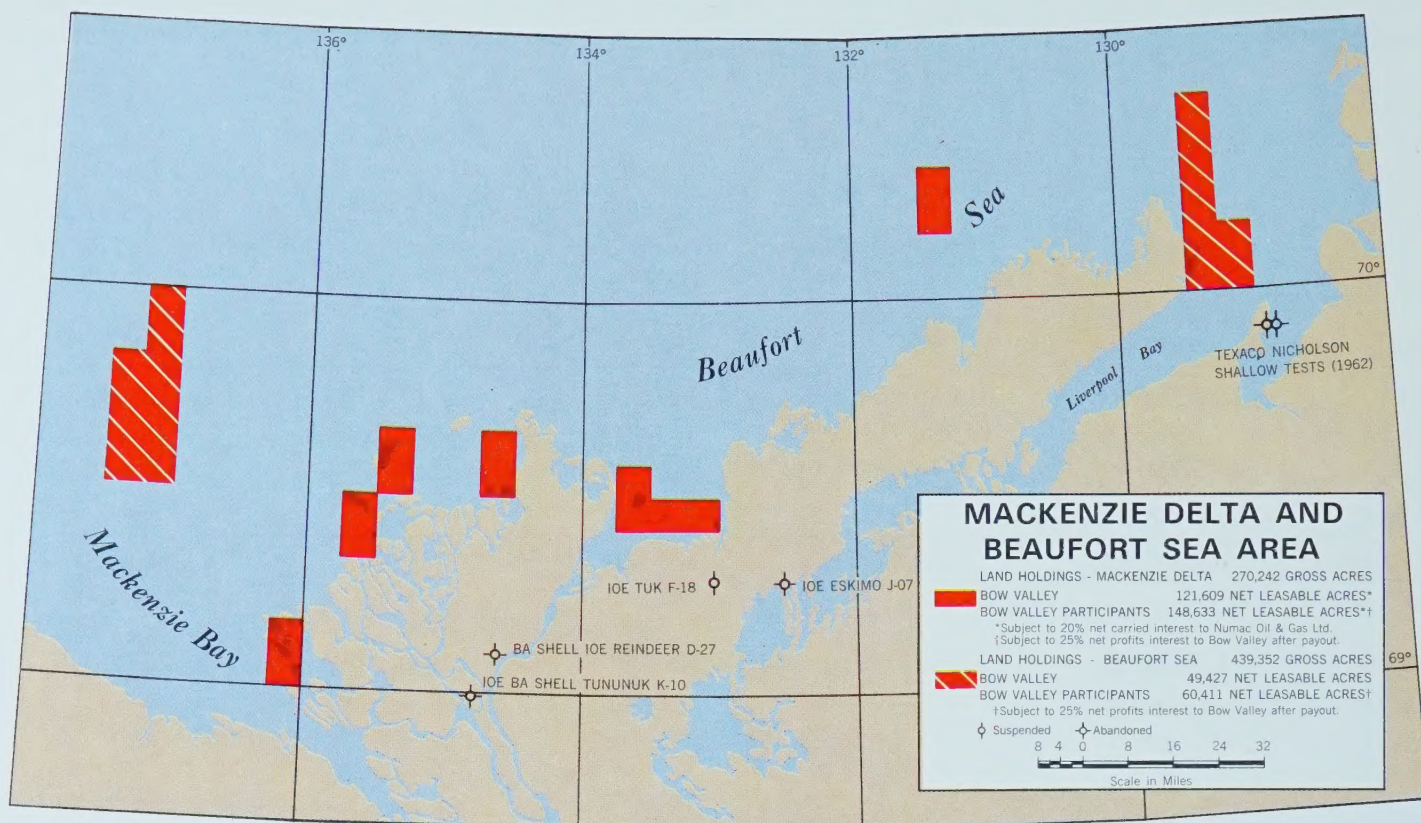
(as previously reported in Bow Valley annual reports)

Gross income	\$ —	28,071,784	20,433,962
Depreciation and depletion	\$ —	1,673,784	1,410,158
Net income		1,264,774	1,211,546
Per common share — (2)			
Cash flow	\$ —	1.29	1.31
Net income	\$ —	.47	.52

(1) Based on the average number of shares outstanding during the respective years and after deduction of preferred dividends.

(2) Shares outstanding and all per share figures have been adjusted to give effect to the four-for-one stock split in March 1963 and the two-for-one stock split in October 1967.

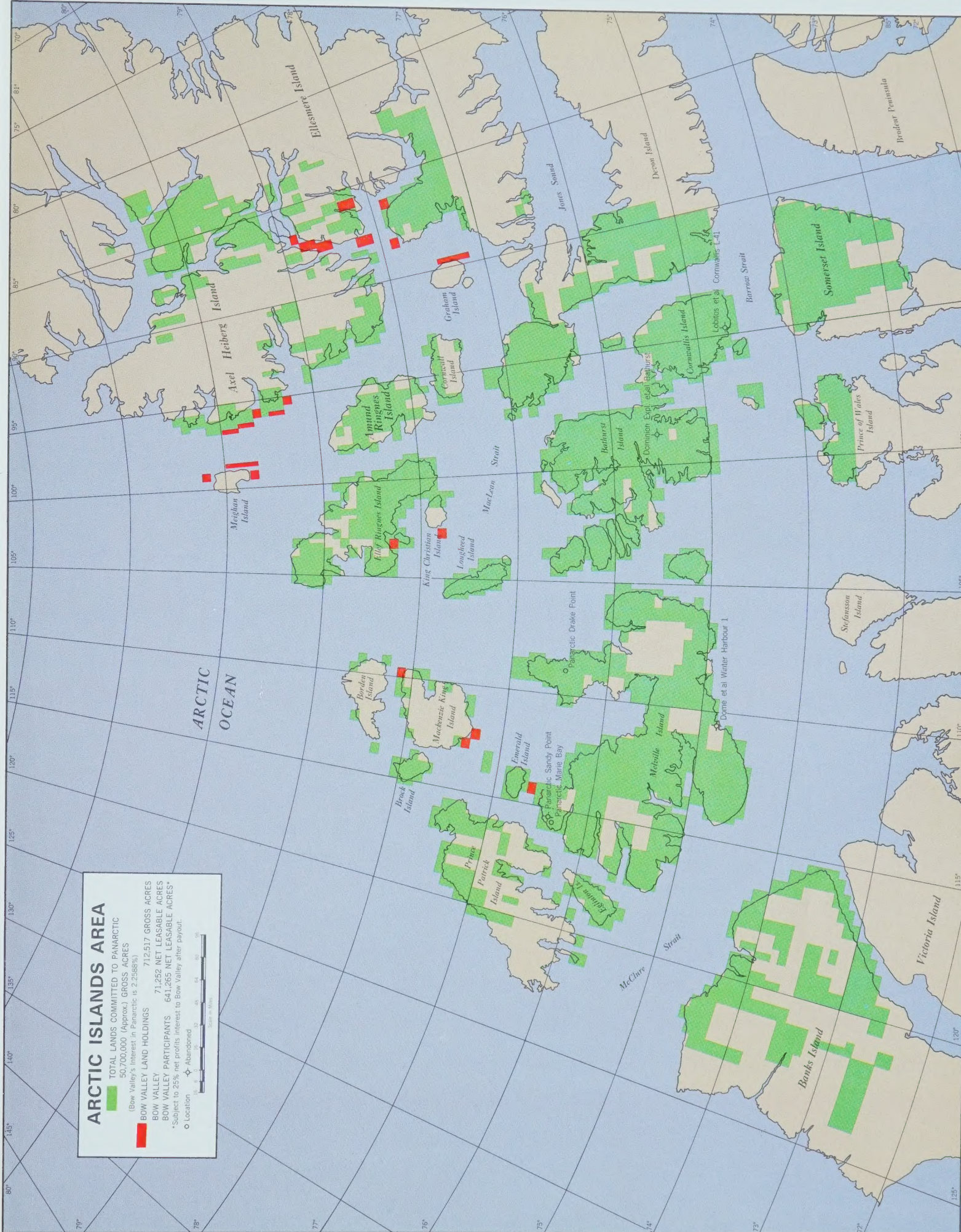
1966	1965	1964	1963	1962	1961
21,463,440	13,934,063	10,270,664	8,269,537	6,422,435	6,236,103
1,106,607	765,315	589,722	543,197	441,894	405,183
1,439,603	958,798	674,480	540,107	419,498	324,623
220,673	—	—	—	—	—
1,660,276	958,798	674,480	540,107	419,498	324,623
2,148,726	1,985,200	1,760,000	1,720,000	1,600,000	1,600,000
99,580	—	—	—	—	—
—	—	—	—	—	—
1.37	.86	.70	.65	.50	.44
.60	.45	.35	.29	.23	.18
.10	—	—	—	—	—
.70	.45	.35	.29	.23	.18
.09	.08	.08	.07	.06	.10
.87½	—	—	—	—	—
18,716,102	12,183,845	9,316,636	7,137,454	5,282,649	4,955,636
1,016,751	714,440	556,049	501,829	397,326	359,967
1,300,137	876,337	637,436	501,923	387,786	319,723
1.19	.85	.73	.66	.53	.47
.57	.44	.36	.29	.24	.20



SUMMARY OF EXPLORATORY ACREAGE
(as of May 31, 1969)

LOCATION	TYPE OF INTEREST	GROSS ACRES	NET LEASABLE ACRES	
			(1) Bow Valley	(2) Bow Valley's Participants
Alberta	Leases	462,825	38,404	183,791
	Petroleum and Natural Gas Reservations .	199,800	58,879	29,197
	Indian Oil and Gas Permits	35,280	441	8,379
	Drilling Reservations	29,440	275	1,377
Atlantic East Coast	Federal Oil and Gas Exploratory Permits .	177,818	10,443	4,476
Arctic Coast and Mackenzie Delta	Federal Oil and Gas Exploratory Permits .	709,594	171,036	209,044
Arctic Islands	Federal Oil and Gas Exploratory Permits .	712,517	71,252	641,265
British Columbia	Leases	20,185	794	5,439
	Petroleum and Natural Gas Permits . .	42,789	1,003	15,043
Hudson Bay	Federal Oil and Gas Exploratory Permits .	898,431	898,431(3)	—
Ontario	Leases	1,525	1,373	—
Saskatchewan	Leases	20,841	2,981	4,789
		3,311,045	1,255,312	1,102,800

- (1) Excludes Bow Valley's net profits interest.
 (2) Bow Valley has a 25% net profits interest after payout in any future production from these lands.
 (3) Subsequent to May 31, 1969 Bow Valley has agreed to sell an undivided 50% interest in the Hudson Bay acreage for cash and a 3% overriding royalty.



ARCTIC ISLANDS AREA

TOTAL LANDS COMMITTED TO PANARCTIC
50,700,000 (Approx.) GROSS ACRES
(Bow Valley's Interest in Panarctic is 2,258,888)

BOW VALLEY LAND HOLDINGS 712,517 GROSS ACRES

BOW VALLEY PARTICIPANTS 71,252 NET LEASABLE ACRES

BOW VALLEY PARTICIPANTS 641,265 NET LEASABLE ACRES*

*Subject to 25% net profits interest to Bow Valley after payout.

Location

Abandoned

Scale in Miles



Bow Valley Industries Ltd. Annual Report 1969

